

AMENDED IN ASSEMBLY MARCH 15, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1996

Introduced by Assembly Member Gordon

February 16, 2016

An act to amend Section 94874 of the Education Code, relating to private postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 1996, as amended, Gordon. Private postsecondary education: exemptions.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts an institution from its provisions if any of a list of specific criteria are met.

This bill would *specify that a nonprofit institution that is accredited by the Accrediting Commission for Schools, Western Association of Schools and Colleges, does not award degrees or diplomas, and is paid from state or federal student financial aid programs for fewer than 20 percent of its students who receive vocational training is also exempted from the act. The bill would also make nonsubstantive changes in the provision that relates to exemptions from the act.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 94874 of the Education Code is amended to read:

94874. Except as provided in Section 94874.2, all of the following are exempt from this chapter:

(a) An institution that offers solely avocational or recreational educational programs.

(b) (1) An institution offering educational programs sponsored by a bona fide trade, business, professional, or fraternal organization, solely for that organization's membership.

(2) (A) Except as provided in subparagraph (B), a bona fide organization, association, or council that offers preapprenticeship training programs, on behalf of one or more Division of Apprenticeship Standards-approved labor-management apprenticeship programs that satisfies one of the following conditions:

(i) It is not on the Eligible Training Provider List established and maintained by the California Workforce Investment Board, but has met the requirements for placement on the list.

(ii) It is on the Eligible Training Provider List established and maintained by the California Workforce Investment Board, and meets the requirements for continued listing.

(B) If an organization, association, or council has been removed from the Eligible Training Provider List established and maintained by the California Workforce Investment Board for failure to meet performance standards, it is not exempt until it meets all applicable performance standards.

(c) A postsecondary educational institution established, operated, and governed by the federal government or by this state or its political subdivisions.

(d) An institution solely offering either of the following:

(1) Test preparation for examinations required for admission to a postsecondary educational institution.

(2) Continuing education or license examination preparation, if the institution or the program is approved, certified, or sponsored by any of the following:

(A) A government agency, other than the bureau, that licenses persons in a particular profession, occupation, trade, or career field.

1 (B) A state-recognized professional licensing body, such as the
2 State Bar of California, that licenses persons in a particular
3 profession, occupation, trade, or career field.

4 (C) A bona fide trade, business, or professional organization.

5 (e) (1) An institution owned, controlled, and operated and
6 maintained by a religious organization lawfully operating as a
7 nonprofit religious corporation pursuant to Part 4 (commencing
8 with Section 9110) of Division 2 of Title 1 of the Corporations
9 Code, that meets all of the following requirements:

10 (A) The instruction is limited to the principles of that religious
11 organization, or to courses offered pursuant to Section 2789 of *the*
12 Business and Professions Code.

13 (B) The diploma or degree is limited to evidence of completion
14 of that education.

15 (2) An institution operating under this subdivision shall offer
16 degrees and diplomas only in the beliefs and practices of the
17 church, religious denomination, or religious organization.

18 (3) An institution operating under this subdivision shall not
19 award degrees in any area of physical science.

20 (4) Any degree or diploma granted under this subdivision shall
21 contain on its face, in the written description of the title of the
22 degree being conferred, a reference to the theological or religious
23 aspect of the degree's subject area.

24 (5) A degree awarded under this subdivision shall reflect the
25 nature of the degree title, such as "associate of religious studies,"
26 "bachelor of religious studies," "master of divinity," or "doctor of
27 divinity."

28 (f) An institution that does not award degrees and that solely
29 provides educational programs for total charges of two thousand
30 five hundred dollars (\$2,500) or less when no part of the total
31 charges is paid from state or federal student financial aid programs.
32 The bureau may adjust this cost threshold based upon the California
33 Consumer Price Index, and post notification of the adjusted cost
34 threshold on its Internet Web site, as the bureau determines,
35 through the promulgation of regulations, that the adjustment is
36 consistent with the intent of this chapter.

37 (g) A law school that is accredited by the Council of the Section
38 of Legal Education and Admissions to the Bar of the American
39 Bar Association or a law school or law study program that is
40 subject to the approval, regulation, and oversight of the Committee

1 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
2 Business and Professions Code.

3 (h) A nonprofit public benefit corporation that satisfies all of
4 the following criteria:

5 (1) Is qualified under Section 501(c)(3) of the United States
6 Internal Revenue Code.

7 (2) Is organized specifically to provide workforce development
8 or rehabilitation services.

9 (3) Is accredited by an accrediting organization for workforce
10 development or rehabilitation services recognized by the
11 Department of Rehabilitation.

12 (i) An institution that is accredited by the Accrediting
13 Commission for Senior Colleges and Universities, Western
14 Association of Schools and Colleges, or the Accrediting
15 Commission for Community and Junior Colleges, Western
16 Association of Schools and Colleges.

17 (j)

18 (j) *A nonprofit institution that is accredited by the Accrediting*
19 *Commission for Schools, Western Association of Schools and*
20 *Colleges, and does not award degrees or diplomas, and is paid*
21 *from state or federal student financial aid programs for fewer than*
22 *20 percent of its students who receive vocational training.*

23 (k) An institution that satisfies all of the following criteria:

24 (1) The institution has been accredited, for at least 10 years, by
25 an accrediting agency that is recognized by the United States
26 Department of Education.

27 (2) The institution has operated continuously in this state for at
28 least 25 years.

29 (3) During its existence, the institution has not filed for
30 bankruptcy protection pursuant to Title 11 of the United States
31 Code.

32 (4) The institution's cohort default rate on guaranteed student
33 loans does not exceed 10 percent for the most recent three years,
34 as published by the United States Department of Education.

35 (5) The institution maintains a composite score of 1.5 or greater
36 on its equity, primary reserve, and net income ratios, as provided
37 under Section 668.172 of Title 34 of the Code of Federal
38 Regulations.

1 (6) The institution provides a pro rata refund of unearned
2 institutional charges to students who complete 75 percent or less
3 of the period of attendance.

4 (7) The institution provides to all students the right to cancel
5 the enrollment agreement and obtain a refund of charges paid
6 through attendance at the second class session, or the 14th day
7 after enrollment, whichever is later.

8 (8) The institution submits to the bureau copies of its most recent
9 IRS Form 990, the institution's Integrated Postsecondary Education
10 Data System Report of the United States Department of Education,
11 and its accumulated default rate.

12 (9) The institution is incorporated and lawfully operates as a
13 nonprofit public benefit corporation pursuant to Part 2
14 (commencing with Section 5110) of Division 2 of Title 1 of the
15 Corporations Code, and is not managed or administered by an
16 entity for profit.

17 ~~(k)~~

18 (l) Flight instruction providers or programs that provide flight
19 instruction pursuant to Federal Aviation Administration regulations
20 and meet both of the following criteria:

21 (1) The flight instruction provider or program does not require
22 students to enter into written or oral contracts of indebtedness.

23 (2) The flight instruction provider or program does not require
24 or accept prepayment of instruction-related costs in excess of two
25 thousand five hundred dollars (\$2,500).